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0000084426

**ARIZONA CORPORATION COMMISSION**

**ORIGINAL**

April 29, 2008

Arizona Corporation Commission  
**DOCKETED**

**APR 29 2008**

**CERTIFIED MAIL**

Mr. Thomas J. Bourassa, CPA  
Consultant / Authorized Representative  
Johnson Utilities, L.L.C.  
139 West Word Drive  
Phoenix, Arizona 85029

DOCKETED BY

*mm*

RE: JOHNSON UTILITIES, L.L.C. - APPLICATION FOR A RATE INCREASE DOCKET NO. WS-02987A-08-0180

**LETTER OF DEFICIENCY**

Dear Mr. Bourassa:

In reference to your rate application received on March 31, 2008, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the rate application which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives original and 15 copies of the corrected pages.

You have 15 calendar days, or until May 14, 2008, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application.

The Staff person assigned to your application is Jeffrey M. Michlik. He can be reached at (602) 364-2034, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

*Elijah Abinah*

Elijah Abinah  
Assistant Director/Acting Chief Accountant  
Regulatory Analysis Section  
Utilities Division

EOA:JMM:tdp

CC: Docket Control Center (fifteen copies)  
Vicki Wallace, Consumer Services  
Delbert Smith, Engineering  
Lyn Farmer, Hearing Division  
Mr. George Johnson, Johnson Utilities, L.L.C.

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2008 APR 29 P 2:44  
AZ CORP COMMISSION  
DOCKET CONTROL

**JOHNSON UTILITIES, L.L.C.**  
**Rate Application**  
**Docket No. WS-02987A-08-0180**  
**Test Year Ended December 31, 2007**  
**List of Deficiencies**

The specific items that have caused a finding of deficiency are as follows:

**Accounting**

**Water Division**

1. On Schedule A-1, page 1 of the application, line 45, total water revenues, present rates of \$13,169,866, and proposed rates of \$10,937,794, do not match total revenue amounts of \$13,174,459 and \$10,940,980 as presented on Schedule C-1, page 1. Please reconcile.
2. Schedule A-5, page 1, line 39, cash and cash equivalents at year end do not agree with cash equivalents as presented on Schedule E-1, page 1 for the water division only. Please reconcile.
3. Total plant on Schedule B-2, page 2.8 for 2005, and page 2.9 for 2006 in the amounts of \$47,931,534 and \$74,017,063, do not match the amounts presented on Schedule E-1, page 1, of \$46,504,280 and \$68,152,726. In addition, the 2006 Plant in Service balance of \$68,152,726 as shown on Schedule E-1, line 2 does not agree to the 2006 Plant in Service balance of \$74,017,063 as shown on Schedule E-5, line 32. Please reconcile.
4. On Schedule H-3, page 2, please provide Staff with the missing data.
5. On Schedule H-3, page 2, please explain how the Company derived \$0.8278 for Central Arizona Project Water.
6. The bill counts do not produce the test year metered revenues, for the 3/4 inch and 1 inch residential customers.
7. The bill counts do not produce the test year metered revenues, for the 3/4 inch commercial customer, Staff believes the first tier gallon break-over point of 7,000 gallons was not used in the calculation.
8. The bill counts do not produce the test year metered revenues, for the 1 and 2 inch Commercial customers.
9. On Schedule H-5, page 8, 1½ inch commercial customer, please provide Staff with the gallon usage below 206,000 gallons, as the number is unreadable.
10. On Schedule H-5, page 15, 2 inch public authority customer, please provide Staff with the gallon usage below 133,800 gallons, as the number is unreadable.
11. The bill counts do not produce the test year metered revenues, for the 3/4 inch, 1.5 inch, and 2 inch irrigation customers.

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12. The bill counts do not produce the test year metered revenues, for the 1 inch irrigation customers. Staff footed Schedule H-5, page 20, and believes the total bill count should be 768 not 766.
13. The bill counts do not produce the test year metered revenues, for the 3 inch irrigation customers. Staff believes the wrong rate was used; it should be \$270 not \$450.
14. Staff assumes Schedule H-5; page 23 is really 4 inch irrigation, instead of 3 inch irrigation. Please Confirm.
15. The bill counts do not produce the test year metered revenues, for the 3 inch construction customers.
16. In addition, there seem to be other bill counts that do not produce the test year metered revenues. To speed-up the sufficiency process, it would be helpful to Staff if the Company could send Staff their excel rate book, which contains the billing information.

Wastewater Division

17. On Schedule A-1, page 1 of the application, line 37, total water revenues, present rates of \$11,286,809, and proposed rates of \$13,526,477, do not match total revenue amounts of \$11,288,633 and \$13,528,467 as presented on Schedule C-1, page 1. Please reconcile.
18. The supporting schedules for all plant years (i.e. additions, deletions, accumulated depreciation, and depreciation expense) are missing from the wastewater division. Please submit these schedules.
19. Please provide the missing schedule for rate base adjustment number 3, showing the \$397,390 adjustment to CIAC.
20. The 2006 Plant in Service balance of \$99,412,899 shown on Schedule E-1, line 2 does not agree to the 2006 Plant in Service balance of \$110,554,091 as shown on Schedule E-5, line 32.
21. Please provide Schedule E-4 for the wastewater division.

Water and Wastewater Divisions

22. Schedules A-2 and A-3, are missing for both the water and wastewater divisions, please submit these schedules.

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23. Revenue annualization Schedules C-2, pages 7.1 to 7.15, are missing for both the water and wastewater divisions, please submit these schedules.

**Consumer Services**

24. On Schedule H-3, page 3, line 5, water division, the present rates for meter testing is \$25.00 not \$35.00, please correct.
25. On Schedule H-3, page 3, line 23, water division, Non-Residential - average bill should be estimated maximum monthly bill, please correct.
26. On Schedule H-3, page 2, line 10, wastewater division, per Rule R14-2-403D should be per Rule R14-2-603D, please correct.
27. On Schedule H-3, page 2, line 19, wastewater division, page 4 should be page 3, please correct.
28. On Schedule H-3, page 2, line 22, wastewater division, Non-Residential - average bill should be estimated average monthly bill, please correct.
29. On Schedule H-3, page 2, line 23, wastewater division, per Rule R14-2-403(B) should be Rule R14-2-603(B), please correct.
30. On Schedule H-3, page 2, line 24, wastewater division, per Rule R14-2-403(D) should be per Rule R14-2-603(B), please correct.
31. On Schedule H-3, page 2, line 34, wastewater division, Per Commission Rule R14-2-409D(5) should be Per Commission Rule R14-2-608D(5), please correct.
32. On Schedule H-3, page 3, line 7, wastewater division, 6 Inch or larger should be 6 Inch.

**Engineering**

The Company's rate case filing has no engineering data. Per the ACC website at <http://www.azcc.gov/divisions/utilities/water/forms.asp>, Staff would need the following:

33. For the Water Division, please provide the following information:
- a. An ADEQ Compliance Status Report for each Public Water System.
  - b. An ADEQ Monitoring Assistance Program invoice for each Public Water System, if participating.
  - c. A completed Water Use Data Sheet for each Public Water System.
  - d. A plant inventory of the plant-in-service for each Public Water System

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34. For the Wastewater Division, please provide the following information:
- a. An ADEQ Compliance Status Report for each Wastewater System.
  - b. A completed Sewer Flow Data Sheet for each Wastewater System.
  - c. A plant inventory of the plant-in-service for each Wastewater System.

**Compliance**

35. Please explain what actions the Company has taken to address each of the following outstanding compliance items:
- a. Docket WS-02987A-05-0088, Decision No. 68235, Compliance due date 4/15/2008, - the Company is required to file Affiliate Interest reports to A.C.C. R14-2-801 (805) et al. In the event Johnson Utilities Company fails to comply with the above condition with the times specified, the CC&N extension approved herein will be deemed null and void without further Order of the Commission.
  - b. Docket WS-02987A-05-0089, Decision No. 68236, Compliance due date 4/15/2008, - The Company will comply with affiliated interest reporting requirements and conditions, pursuant to the April 19, 2005 late-filed Exhibit 1: JUC and Staff Joint Replacement for Staff Condition No. 5. The Company will file with Docket Control, within 60 days of a Commission Order, a statement 'as described in this decision'. The Company will prepare and submit to Staff an UPDATE to this report EVERY SIX MONTHS. In the event Johnson Utilities Company fails to comply with the above-stated conditions within the times specified, the CC&N extension approved herein will be deemed null and void without further Order of the Commission.
  - c. Docket WS-02987A-04-0288, Decision No. 68237, Compliance due date 4/15/2008, - The Company will comply with affiliated interest reporting requirements and conditions, pursuant to the April 19, 2005 late-filed Exhibit 1: JUC and Staff Joint Replacement for Staff Condition No. 5. The Company will file with Docket Control, within 60 days of a Commission Order, a statement 'as described in this decision'. The Company will prepare and submit to Staff an UPDATE to this report EVERY SIX MONTHS. In the event Johnson Utilities Company fails to comply with the above-stated conditions within the times specified, the CC&N extension approved herein will be deemed null and void without further Order of the Commission.
  - d. Docket WS-02987A-05-0288, Decision No. 68237, Compliance due date 4/10/2008, - The Company will file with Docket Control, as a compliance item in this docket, beginning October 1, 2005, quarterly reports on the status of the pending La Osa and Sonoran litigation. In the event Johnson Utilities Company fails to comply with the above-stated conditions within the times specified, the CC&N extension approved herein will be deemed null and void without further Order of the Commission.

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- e. Docket WS-02987A-04-0889, Decision No. 68236, Compliance due date 4/10/2008, - The Company will file Docket Control, as a compliance item in this case, beginning November 1, 2005, quarterly reports on the status of the pending La Osa and Sonoran litigation. In the event Johnson Utilities Company fails to comply with the above-stated conditions within the times specified, the CC&N extension approved herein will be deemed null and void without further Order of the Commission.